

Connecting Rural America to Reliable and Affordable Broadband



EXECUTIVE SUMMARY

Expanding connectivity among agricultural producers, small business owners, and individuals in unserved and underserved areas has always been an important issue for the Rural and Agriculture Council of America (RACA). Rural towns and municipalities, however, cannot bring much-needed connectivity to their communities alone. They need private sector providers to make targeted investments—guided by smart and sustainable federal policies—to build out fast, resilient networks delivering internet services.

Building out infrastructure to better support rural demand for connectivity must be a priority, but policymakers must be equally focused on alleviating the unique internet access and affordability challenges confronting rural and low-income Americans, respectively. In their current form, federal broadband programs simply are not up to the task of expanding reliable and affordable internet access to populations that remain unserved. Without more accurate broadband maps, permanent funding mechanisms, widespread consumer participation in federal programs, and new solutions to help the private sector rapidly expand service delivery, we will miss this crucial window to close the digital divide.

America's rural and low-income communities need sustainable, modern, and expeditious solutions to the persistent internet access and affordability challenges they face. To make lasting and meaningful progress on closing the digital divide, we recommend that policymakers:

1. **Modernize our broadband maps and data collection** by supporting the FCC's ongoing efforts to develop location-by-location, address-level broadband maps that incorporate both provider coverage data and crowdsourced data to capture truly unserved areas—particularly, those that do not meet the FCC's 25/3 Mbps standard.
2. **Establish universal broadband speed availability targets** that are sustainable, cost-effective, and rooted in accurate data to expand the availability of viable broadband offerings in rural areas.
3. **Create a permanent broadband benefit for consumers who have low incomes** by adopting a modernized long-term, consumer-driven, federally funded, FCC-administered broadband benefit program.
4. **Support local efforts to eliminate barriers to deployment**, to promote competition, and facilitate investment from private sector providers—saving taxpayer dollars in the process.

Our nation's policymakers in Congress, in partnership with local, state, and other federal officials, must authorize and implement broadband expansion initiatives with a strong sense of urgency. Action on these four key recommendations will determine whether we succeed in delivering modern internet service and expand access to digital opportunities for rural and low-income communities across the country.

THE NEED FOR MORE ACCURATE BROADBAND MAPS

Decisionmakers rely on broadband maps to direct resources for broadband deployment and to identify communities experiencing the greatest need. The FCC's broadband maps have not been sufficiently precise, particularly in sparsely populated rural areas. Fortunately, Congress recognized the problem, and in 2020, enacted the Broadband DATA Act, instructing the FCC to create more accurate maps that will identify the broadband speeds available on a location-by-location basis at the address level.

Late in 2020, Congress also directed \$65 million to the FCC, bringing the total the FCC has dedicated to implement the new maps to nearly \$100 million. Since then, the FCC has established an "all hands" cross-agency

Broadband Data Task Force and started adopting new rules for provider reporting and implementing other elements of the DATA Act. The FCC is now selecting vendors to develop the nationwide broadband-serviceable location “Fabric,” mapping, and challenge portal.

All states should support the FCC’s ongoing mapping efforts, and not duplicate or detract from them. For instance, the Senate-passed bipartisan infrastructure bill would provide \$42.45 billion in state grants that could be used not only for qualifying broadband infrastructure and adoption projects, but also for broadband mapping. While well-intentioned, using this funding for mapping could lead to a patchwork of conflicting state-level broadband maps, which risks confounding policymakers and undermining the credibility of the forthcoming FCC maps. We certainly understand the urgent need for accurate, granular maps. We feel that urgency, too. But it’s simply wasteful to direct funding to mapping, in light of the FCC’s mapping progress, when that funding could better be directed to broadband infrastructure deployment and adoption.

Once the FCC’s new broadband maps are finished, they should serve as the sole resource when determining where to disburse broadband deployment dollars on federal, state, and local levels. These highly anticipated, precise, national broadband maps will give policymakers a powerful tool to identify broadband gaps, target funding, and accurately measure progress.

MAKING BROADBAND DEPLOYMENT TO RURAL AREAS MORE EFFECTIVE

A growing consensus believes that when directing funding to further broadband deployment, policymakers should aim higher than the FCC’s current benchmark of 25/3 Mbps to keep up with evolving connectivity demands. As such, a new speed standard of 100/20 Mbps should be used when determining if areas should be targeted by government broadband initiatives.

In 2019, a report by the U.S. Department of Agriculture (USDA) found that many precision agriculture technologies require a high-speed internet connection with speeds that exceed the FCC’s minimum benchmark of 25/3 Mbps. USDA projected that the growth in precision agriculture technologies means that even higher broadband speeds will likely be required, with one crop producer claiming that download speeds of 100 Mbps are needed.¹

There is no one-size-fits-all solution when it comes to getting everyone online, and no one speed for everyone. Speed needs vary across geographies, industries, and households. Fortunately, the Senate-passed bipartisan infrastructure bill addresses this element by prioritizing funding for unserved areas defined as lacking access to 25/3 Mbps internet service as well as by providing funding for underserved areas without service at speeds of 100/20 Mbps. Broadband deployments funded by the infrastructure bill would need to deliver service at speeds not less than 100/20 Mbps.

Congress appropriately recognized that a speed threshold faster than 25/3 Mbps should be used to identify areas eligible for funding to sustain modern-day connectivity needs, target rural areas, unleash agricultural economies, and provide the flexibility to close the digital divide through numerous broadband technologies.

A PERMANENT BROADBAND BENEFIT FOR LOW-INCOME AMERICANS

Our efforts to get more Americans online will fall short if we do not overcome the persistent barriers of affordability and accessibility. That’s why it’s time for Congress to make permanent a modernized long-term, consumer-driven, federally funded, FCC-administered broadband benefit program.

Since being established in 1934, the Universal Service Fund (USF) has worked to promote affordable telecommunications services to customers across the nation. Despite being a well-intentioned program, the USF is struggling to keep these programs running due to declining telecommunications revenues and an ever-increasing number of households and businesses that need internet access. The entire USF is funded by a “tax” on consumer telephone bills that is more than 31% as of July 2021—an assessment rate that is only expected to rise in light of the competing demands on the USF.² Without a significant overhaul, the USF will only hold us back from our goal of universal access to reliable high-speed broadband.

In fact, one of the most promising USF programs for rural broadband access by people who have low incomes—Lifeline—is not living up to its potential. While there are 33.2 million American households eligible for the program, only 6.2 million households—19% of those eligible—are participating as of July 2021.³ In its current form, Lifeline cannot effectively serve low-income communities because providers act as middlemen in a manner that limits competition for participating consumers, unlike the rest of the dynamic consumer broadband service market.

Given the ongoing challenges plaguing both USF and Lifeline, Congress has wisely explored new broadband affordability programs. Under the December 2020 Consolidated Appropriations Act, Congress created a temporary \$3.2 billion Emergency Broadband Benefit (EBB) program. The EBB program provides eligible households a single monthly benefit of up to \$50 (up to \$75/month for Tribal consumers) on eligible fixed or mobile broadband services and related equipment, to help consumers be and stay connected throughout the pandemic.

While the EBB program has been instrumental in connecting communities during COVID-19, EBB is a temporary program designed for the pandemic and is not a long-term approach. In response, the infrastructure bill passed by the Senate proposes to make the EBB permanent, transforming it into the Affordable Connectivity Program (ACP), and directs more than \$14 billion to fund it. The ACP would offer a \$30 subsidized monthly discount for eligible low-income households to purchase an internet plan that meets their connectivity needs. RACA supports Congress allocating federal dollars toward this permanent broadband benefit to ensure low-income households have internet access after the COVID-19 health emergency ends.

Any future broadband benefit program must contain clear and concise guidance for both consumers and providers and be supported by dedicated funding streams. The most viable solution is to empower consumers to shop for a provider and internet plan that best meets their needs by delivering the benefit to them directly via an electronic debit card, while simultaneously removing unnecessary limits—such as the Eligible Telecommunications Carrier (ETC) requirement—to incentivize broader provider participation in the program. Lastly, any broadband benefit program must be codified and funded by Congress through mandatory spending, so the whims of the annual appropriations process do not leave consumers in limbo.

INCENTIVIZING PRIVATE SECTOR INVESTMENT AND NETWORK DEPLOYMENT

Since 1996, high-speed internet providers have invested more than \$1.8 trillion in network infrastructure. The notion that government-owned networks (GONs) can compete with this tested U.S. model of private sector-led competition is misplaced.

Broadband networks are expensive to deploy, maintain, operate, and upgrade and significant expertise is required to do so. For example, Dunnellon, FL, deployed its own fiber network in 2012. By 2013, the city voted to sell the system to a private entity for \$1M, leaving the city and its residents with \$7M in debt. Moreover, GONs do not promote economic development—they depress investment and competition by crowding out private investment. Despite significant federal and state grant funding, the network established by Bristol, VA, eventually failed and was sold at a \$80M+ loss to a private company.

Sadly, taxpayers are often left holding the bag for failed GONs projects. Many GONs struggle to avoid financial losses, requiring municipalities to support them via transfers and loans. Provo, UT, for example, deployed an open access fiber-to-the-home system at a cost of \$60+ million—most of which was financed with debt. Tepid demand resulted in slow revenue growth and a heavily indebted system. The city used millions in taxpayer money to prop up the system before eventually selling it to Google for a single dollar; the city's residents were left saddled with \$40M in debt.

Rooted in their deep technical expertise, U.S. providers have established a proven track record of successful network deployment and management that spans decades. More recently, the COVID-19 pandemic proved that private sector broadband networks are fast, flexible, and resilient. As the legislative process unfolds, RACA urges decisionmakers not to put existing private sector broadband investment at risk by doing away with the proven policies that have led to the U.S. possessing world-leading broadband networks.

To close the digital divide—and save governments and taxpayers valuable time and money—policymakers must make it easier, not more difficult, for experts in the private sector to do what they do best: invest, build, connect, and innovate.

¹ U.S. Department of Agriculture, "A Case for Rural Broadband," (April 2019), <https://www.usda.gov/sites/default/files/documents/case-for-rural-broadband.pdf>

² Federal Communications Commission, "Proposed Second Quarter 2021 Universal Service Contribution Factor," (March 2021), <https://docs.fcc.gov/public/attachments/DA-21-308A1.pdf>

³ Universal Service Administrative Company, "Program Data," (July 2021), <https://www.usac.org/lifeline/resources/program-data/#Participation>